

## 1 SENATE BILL NO. 467

2 INTRODUCED BY J. ELLIOTT

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4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING FOR AN ADJUSTMENT OF THE GUARANTEED TAX  
5 BASE AID PAYMENT TO SCHOOL DISTRICTS AFFECTED BY THE PPL MONTANA TAX PROTEST IN THE  
6 EVENT THAT THE FINAL VALUATION OF A SCHOOL DISTRICT IS REDUCED AS A RESULT OF THE  
7 RESOLUTION OF THE PROTEST; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, A RETROACTIVE  
8 APPLICABILITY DATE, AND A TERMINATION DATE."

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10 WHEREAS, a large electrical generation company, PPL Montana, has protested its taxable valuation  
11 for tax year 2002 in numerous school districts throughout Montana; and

12 WHEREAS, a school district's eligibility for guaranteed tax base aid is determined by the taxable  
13 valuation of the school district; and

14 WHEREAS, in the event that the taxable valuation of a school district is reduced at the resolution of the  
15 tax protest, Montana statutes have no provision for reimbursing a school district for guaranteed tax base aid that  
16 the school district would have received if state aid had been computed using a lesser taxable valuation; and

17 WHEREAS, a school district must draw down its general fund reserves during the years in which the  
18 tax protest is ongoing.

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20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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22 NEW SECTION. **Section 1. State GTB reserve account -- purpose.** There is established a state GTB  
23 reserve account in the state special revenue fund. The purpose of the account is to make payments of  
24 guaranteed tax base aid to eligible school districts, as described in [section 2], for prior school fiscal years if the  
25 taxable valuation of a school district is reduced as a result of the resolution of the tax protest.

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27 NEW SECTION. **Section 2. Eligibility for state guaranteed tax base aid adjustments for protested**  
28 **valuation.** (1) For any school district that has taxable valuation that was protested by PPL Montana for tax years  
29 2002 and later, the superintendent of public instruction shall compare the amount that the school district would  
30 have been eligible to receive under subsection (3) to the amount of guaranteed tax base aid that the district

1 general fund actually receives. If the calculation in subsection (3) exceeds the amount of guaranteed tax base  
2 aid paid to the district general fund, the difference must be deposited in the state GTB reserve account  
3 established in [section 1] and held for distribution to the school district pending final determination of the tax  
4 protest. The superintendent of public instruction shall transfer the calculated amount from the state general fund  
5 appropriation for K-12 BASE aid to the state GTB reserve account.

6 (2) For the school fiscal years beginning July 1, 2002, the state superintendent shall calculate the district  
7 guaranteed tax base ratio under 20-9-366 and the dollar amount of guaranteed tax base aid for each mill levied  
8 under 20-9-368 that would result if the taxable valuation of the protested portion of PPL Montana property, as  
9 determined by the department of revenue, were excluded from the district taxable valuation.

10 (3) Upon receipt of the final budget information for the school district, the superintendent of public  
11 instruction shall compute the amount of guaranteed tax base aid that the district general fund would have been  
12 eligible to receive if the payment had been based on:

- 13 (a) the guaranteed tax base ratio as calculated in subsection (2);  
14 (b) the dollar amount of guaranteed tax base aid for each mill levied as calculated in subsection (2); and  
15 (c) the district taxable valuation, excluding the protested portion of PPL Montana property.

16 (4) Upon resolution of the PPL Montana tax protest for tax years 2002 and later, the department of  
17 revenue shall provide the superintendent of public instruction with the final taxable valuation of PPL Montana  
18 property for each school district for each affected tax year. The superintendent of public instruction shall  
19 recalculate the amount of guaranteed tax base aid for which a school district would have been eligible in each  
20 school fiscal year, using the final taxable valuation of the school district as determined by the tax settlement. The  
21 superintendent of public instruction shall adjust the guaranteed tax base aid payment to the district general fund  
22 for each eligible school district and pay additional state aid due to the school district from the state GTB reserve  
23 account established in [section 1].

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25 **NEW SECTION. Section 3. Codification instruction.** [Sections 1 and 2] are intended to be codified  
26 as an integral part of Title 20, chapter 9, part 3, and the provisions of Title 20, chapter 9, part 3, apply to [sections  
27 1 and 2].

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29 **NEW SECTION. Section 4. Effective date -- retroactive applicability.** [This act] is effective on  
30 passage and approval and applies retroactively, within the meaning of 1-2-109, to school fiscal years beginning

1 after June 30, 2002.

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3 NEW SECTION. **Section 5. Termination.** [This act] terminates June 30, 2007.

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